

LAKE COUNTY, FLORIDA

OTHER POST-EMPLOYMENT BENEFITS
ACTUARIAL REPORT AS OF OCTOBER 1, 2008

December 11, 2010

Ms. Barbara Lehman
Chief Deputy Clerk
Lake County Clerk
Tavares, Florida 32778-7800

Re: GASB Statement No. 45 Actuarial Valuation
Of Other Post-Employment Benefits (OPEB)

Dear Ms. Lehman:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the Lake County to perform an Actuarial Valuation of its Other Post-Employment Benefits (OPEB) provided to the County's retiring employees. We are pleased to present the results herein. The Valuation was performed as of October 1, 2008 with results applicable to the fiscal year ending September 30, 2010 and covers medical (including prescription drug) and dental insurance benefits provided to retirees. The employee/retiree group covered by this Actuarial Valuation includes all employees and retirees of the Board of County Commissioners and all Constitutionals, except for the Clerk of Courts, Tax Collector and the Sheriff. Those groups would need their own Actuarial Valuation.

The actuarial calculations were prepared for the purposes of complying with the requirements of Statement No. 45 of the Governmental Accounting Standards Board (GASB) and have been made on a basis consistent with our understanding of these accounting standards. Determinations of the liability associated with the benefits described in this Report for purposes other than satisfying the County's financial reporting requirements, may produce significantly different results. This Report may be provided to parties other than the Lake County only in its entirety and only with the permission of the County.

All actuarial calculations were performed on the basis of the Substantive Plan and the Actuarial Assumptions and Methods, as set forth in the respective sections of this Report.

The Valuation was performed on the basis of employee, retiree and financial information supplied by the County officials. Although we did not audit this information, it was reviewed for reasonableness.

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

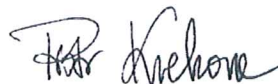
We will be pleased to answer any questions pertaining to the Valuation and to meet with you to review this Report.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY



James J. Rizzo, ASA, MAAA
Senior Consultant & Actuary



Piotr Krekora, ASA, MAAA
Senior Analyst and Actuary

TABLE OF CONTENTS

<u>SECTION</u>	<u>TITLE</u>	<u>PAGE</u>
A	EXECUTIVE SUMMARY	A-1
B	SUMMARY OF ACTUARIAL VALUATION RESULTS	
	1. SUMMARY OF ACTUARIAL VALUATION RESULTS	B-1
	2. 20 -YEAR PROJECTION OF UNFUNDED CASH FLOW	B-2
	3. 10 -YEAR PROJECTION OF NET OPEB OBLIGATION	B-3
	4. AGE AND SERVICE TABLES	B-4
C	DEVELOPMENT OF INITIAL PER CAPITA COSTS	C-1
D	ACTUARIAL ASSUMPTIONS AND METHODS	
	1. METHODS AND DEMOGRAPHIC/ECONOMIC ASSUMPTIONS	D-1
	2. HEALTH COVERAGE ASSUMPTIONS	D-10
	3. MISCELLANEOUS AND TECHNICAL ASSUMPTIONS	D-11
	4. DEFINITION OF TECHNICAL TERMS	D-12
E	SUMMARY OF SUBSTANTIVE PLAN PROVISIONS	E-1
APPENDIX	GASB DISCLOSURES	F-1

SECTION A
EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Governmental Accounting Standards Board (GASB) issued Statement No. 45 to set forth rules for how governmental employers should account for Other Post-Employment Benefits (OPEBs). This Accounting Standard is effective for fiscal years beginning after December 15, 2006 for governments that were “Phase 1” governments for the purpose of implementing Statement No. 34. The Lake County (the County) has implemented GASB Statement No.45 since the '07 -'08 fiscal year. The results presented herein are applicable to the year ending September 30, 2010 and are based on an actuarial valuation performed as of October 1, 2008.

This Actuarial Valuation and Report covers the OPEBs provided to the retirees of Board of County Commissioners and all Constitutionals of the Lake County, except for the Clerk of Courts, Tax Collector and the Sheriff. Those groups would need their own Actuarial Valuation.. The Substantive Plan provisions for the County’s OPEBs are described in the Section at the end of this Report entitled “Summary of Substantive Plan Provisions.”

GASB’S RATIONALE

The issuance of GASB Statement Nos. 43 and 45 marks another major step in GASB’s movement toward full accrual accounting for all governmental entities which issue government-wide financial statements according to generally accepted accounting principles.

Prior to implementation, the costs of OPEBs had been reflected in the majority of governmental financial statements on a pay-as-you-go basis of accounting. The subsidy provided by the County had been recorded as an expense only after employees retire, and then only one year at a time as the subsidy is paid. Statement No. 45 views the subsidy for retiree medical benefits as a form of compensation which must be accrued on the books of the County during an employee’s working life, rather than waiting until the employee’s service to the County has been completed and he or she has retired. So GASB requires the lifetime value of that subsidy to be expensed over the working career of the employees.

DIRECT SUBSIDIES

The County currently does not offer any form of direct subsidy to retiree coverage.

IMPLICIT RATE SUBSIDY

According to the Summary of Substantive Plan Provisions, retirees and their dependents are permitted to remain covered under the County’s respective medical plans as long as they pay a premium applicable to coverage elected. This conforms to the minimum required of Florida governmental employers per Ch. 112.0801, F.S.

As the retirees are required to pay the full premium amount in order to remain covered under the medical plan, it may appear, at first glance, that there is no obligation on the part of the County for subsidizing the retiree coverage. However, the premiums charged are based on a blending of the experience among younger active employees and older retired employees. Since older retirees generally have higher costs, this means that the County is actually subsidizing the cost of the retiree and dependent coverage because it pays all or a significant portion of that premium on behalf of the active employees.

GASB No. 45 calls this the “implicit rate subsidy”. Even though it appears that there is no County subsidy of retiree and dependent coverage, there really is, and it is not an insignificant amount. A group of 62-year-old

retirees or dependents can easily cost over 50% more than the County is collecting from them for coverage. The County, therefore, has assumed an obligation to pay for that implicit subsidy for the covered lifetimes of the current retirees and their dependents, as well for the covered lifetimes of the current employees after they retire in the future.

Measuring the current year's implicit subsidy and projecting that subsidy for decades into the future and making an allocation of that cost to different years, is the subject of this Actuarial Valuation and Report.

FUNDED AND UNFUNDED PLANS

Currently, the County's OPEB benefits are unfunded. That is, there is no separate Trust Fund or equivalent arrangement into which the County would make contributions to advance-fund the obligation, as it does for its pension plan, the Florida Retirement System (FRS). Therefore, the ultimate subsidies which are provided over time are financed directly by general assets of the County. These assets are invested in very short-term fixed income instruments according to its current investment policy.

Consequently, according to GASB Statement No. 45, the interest discount rate used to calculate the present values and costs of the OPEB must be the long-range expected return on such short-term fixed income instruments. The County selected an interest discount rate of 3.90% for this purpose. If the OPEB Plan were advance-funded with its assets invested in a reasonable mix of stocks and longer bonds and, if the County adopted a Funding Policy to make fully funding cash deposits into a qualifying OPEB Trust, then a much higher interest discount rate may be used, say, 7% to 8%. This would result in a substantially lower Annual OPEB Cost and a substantially lower Unfunded Actuarial Accrued Liability than if 3.90% were used.

ACTUARIAL ASSUMPTIONS

In any long-term Actuarial Valuation (such as for Pensions and OPEBs), certain demographic, economic and behavioral assumptions are made concerning the population, the investment discount rates and the benefits provided. These Actuarial Assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided, and the future contributions collected. Then the investment discount rate assumption is used to discount those projected net OPEB benefits to a present value. This and other related present values are used to calculate the Annual OPEB Cost that will be expensed in the County's financial statements and the Unfunded Actuarial Accrued Liability disclosed in the statements as well.

It would be instructive to review the Section of this Report titled, "Actuarial Assumptions and Methods" for details of all the relevant Actuarial Assumptions used in this Valuation.

ACTUARIAL COST METHODS

GASB Statement No. 45 allows flexibility to governmental employers in the use of various actuarial cost methods. Several such acceptable actuarial cost methods were investigated. The goal was to recommend to the County the combination of acceptable and appropriate actuarial cost methods that would produce the lowest measure of the liabilities and OPEB Cost.

Liabilities and OPEB Costs for the County's Plan were developed using various actuarial cost methods, such as under the Entry Age Normal Cost Method, the Frozen Entry Age Normal Cost Method, the Aggregate Cost Method and the Projected Unit Credit Normal Cost Method. Furthermore, the Normal Costs and the amortization of any Unfunded Actuarial Accrued Liabilities were calculated using both level dollar and level percent of expected pay.

The results presented herein have been derived using the Entry Age Actuarial Cost Method with an amortization of the Unfunded Actuarial Accrued Liability as a level percent of expected payroll. This is the most common such method used for government Pension valuations and spreads the costs evenly as a percent of pay throughout the collective careers of those in the covered workforce.

SUMMARY

Following is a chart that summarizes the results of this Actuarial Valuation for the County's OPEB. More details can be found on following pages.

	As of	October 1, 2008	October 1, 2006	October 1, 2006
Actuarial Accrued Liability	\$	3,726,255	\$ 2,696,558	\$ 2,696,558
Actuarial Value of Assets		0	0	0
Unfunded Actuarial Accrued Liability		3,726,255	2,696,558	2,696,558
	For FYE	9/30/2010	9/30/2009	9/30/2008
Annual Required Contribution		502,654	340,751	327,960
Per Covered Active Employee		668	477	459
As % of Expected Payroll		1.4%	1.1%	1.1%
Annual OPEB Cost		505,029	342,882	327,960
Estimated* Employer Contribution Toward the OPEB Cost		(124,586)	(56,814)	19,672
Estimated* Addition to Net OPEB Obligation		380,443	286,068	347,632
Estimated* Net OPEB Obligation		1,014,143	633,700	347,632

Note: For the year ending September 30, 2010 column above, the Employer Contribution, the Addition to NOO and the NOO lines are merely estimates of the actual. Refer to the Appendix for exact details on how to determine the Employer Contribution for the year.

ACCRUED LIABILITY AND ANNUAL OPEB COST

The Unfunded Actuarial Accrued Liability represents an actuarial measurement of the obligation that has "accrued" so far, based on the promise that has been made to current retirees and to current employees. This will be displayed in the Notes to Financial Statements and Required Supplementary Information within the County's annual financial statement and County's CAFR.

The Annual OPEB Cost is the amount that is expensed for the year. Since the County's OPEB plan is currently unfunded, the offset to that expense comes from actual subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the actual Employer Contribution and equals the total actual claims and other costs incurred by the retirees and their dependents for the year (net of any stop-loss reimbursements received with respect to those claims and net of the retiree's own premium contribution payments for the year). The chart above presents the amount of such Employer Contributions. *Refer to the Appendix for a step-by-step formula for the development of the actual Employer Contribution to use for offsetting against the Annual OPEB Cost.*

The cumulative difference between the Annual OPEB Cost for the year and the Employer Contribution for the year is called the Net OPEB Obligation. This is the amount of the expense charged for the year (per GASB No. 45) which was not yet offset by Employer Contributions. The Net OPEB Obligation will be reflected as a liability in the Statement of Net Assets of the County's annual financial statement. It flows right to the balance sheet, and remains there and accumulates each year until fully paid off by future Employer Contributions.

CHANGES IN COSTS AND LIABILITIES

Compared to the previous valuation, the Unfunded Actuarial Accrued Liability and the Annual OPEB Cost increased moderately. Although the detailed analysis of root causes of all changes in costs and liabilities is beyond the scope of this report, below we list few other factors contributing to the changes. We did not measure the impact of each individual change and the order does not have any particular significance:

- *Population Changes:* Change in covered population: the number of active employees increased from 715 in the last valuation to 753 this year while we did not assume any changes in active population. The number of retirees did not change although we had projected some small increase in retiree population.
- *Initial Cost of Coverage:* The total cost of coverage increased from \$648 per employee per month (as expected for year 2006/2007) to \$799 per employee per month for year 2008/2009. This is lower than the projected \$807 per employee per month. This change has a modest decreasing effect on the cost and liability. Increases in premium amounts, however, lag behind increases in the costs and consequently, the net of these two changes combined has an increasing effect.
- *Demographic assumptions:* We have also revised certain demographic assumptions to reflect changes made the Florida Retirement System for its July 1, 2009 actuarial valuation. This has an increasing effect on the cost and liability.
- *Future trends of medical costs:* We revised the assumed trend of Medical/Rx cost increases. In our prior valuation, we assumed the first two years' trends to be 11.7% and 11.5% decreasing .5% each year to the ultimate value of 5%. We are now assuming 9% for years beginning on 10/1/08 and 10/1/09 followed by a .5% decrease in the trend rate each successive year until reaching an ultimate annual trend rate of 5.0% per year. This has a modest decreasing effect on the cost and liability.

As can be seen from this summary of changes, there were offsetting factors at work to change the results from the last full valuation to this one. The net effect was an increase in plan's accounting liabilities and on the plan's accounting expense.

HEALTH INSURANCE SUBSIDY IN FLORIDA RETIREMENT SYSTEM

Part of the County's periodic contribution to the Florida Retirement System (FRS) on behalf of its employees is a contribution toward the Health Insurance Subsidy (HIS) managed by FRS. Currently, HIS provides eligible employees with a lifetime benefit equal to \$5 per month per year of creditable service (up to a maximum or \$150 per month) after they retire, toward the payment of any insurance-related premiums.

The State of Florida is treating this program as a Cost-Sharing Multiple-Employer defined benefit pension Plan like FRS, rather than being classified as an Agent Multiple-Employer defined benefit OPEB Plan. Accordingly, the State considers the HIS program to be reported pursuant to GASB Statement No. 27. Refer to the State's CAFR.

Since the State has adopted this treatment, it would be advisable for the County to treat its participation in the HIS program in a similar manner, particularly in its Note disclosures. This would permit the County to continue expensing the HIS component of the FRS contributions the same as it treats FRS itself

LAKE COUNTY FINANCIALS

The figures presented above would be integrated into the County's government-wide financial statements. There are some issues to flesh-out with respect to allocations to any enterprise funds and to functions in the annual financial statement, and with respect to budgeting and governmental fund accounting. A full discussion and treatment of these matters is beyond the scope of this Actuarial Valuation Report, but can be addressed more thoroughly, if necessary.

SECTION B

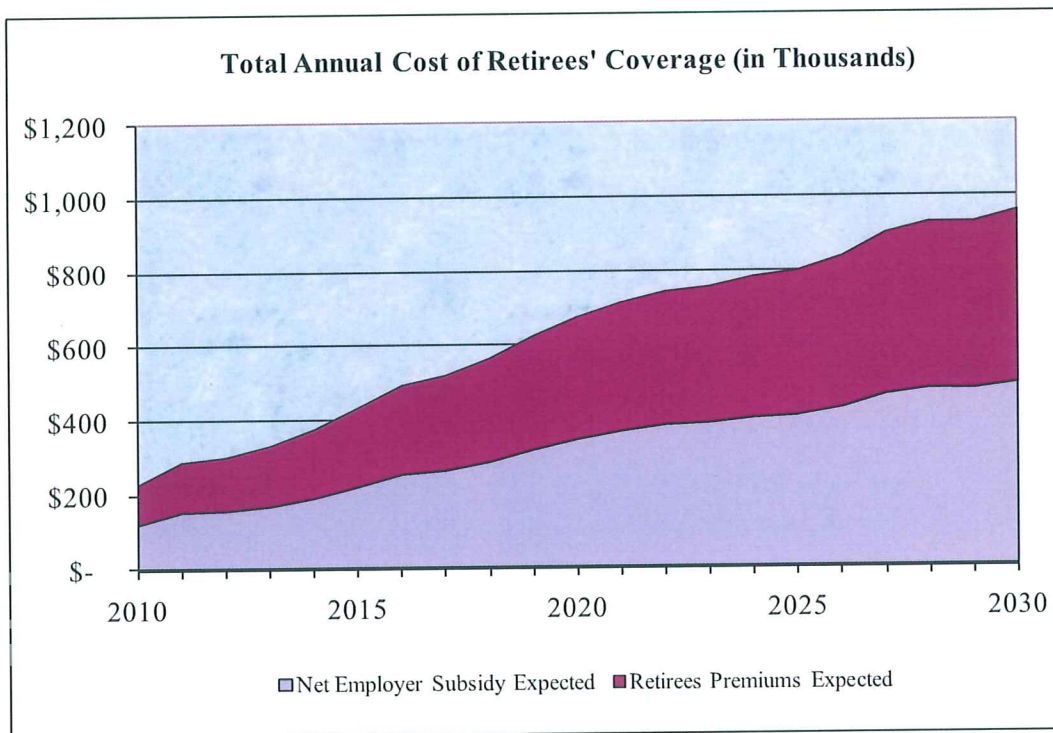
SUMMARY OF ACTUARIAL VALUATION RESULTS

ACTUARIAL VALUATION RESULTS as of October 1, 2008			
	Total Medical/Rx Costs	Retirees' Medical/Rx Premiums	Net Employer Costs
Number of Participants Covered			
Active Participants	753	753	753
Retired Participants	18	18	18
Total Participants	771	771	771
Expected Payroll of Active Participants	\$ 35,180,055	\$ 35,180,055	\$ 35,180,055
Actuarial Present Value of Benefits			
Active Participants	15,602,300	(7,251,149)	8,351,151
Retired Participants	1,489,451	(654,831)	834,620
Total Participants	17,091,751	(7,905,980)	9,185,771
Actuarial Accrued Liability (Entry Age Normal Cost Actuarial Method)			
Active Participants	5,533,844	(2,642,209)	2,891,635
Retired Participants	1,489,451	(654,831)	834,620
Total Participants	7,023,295	(3,297,040)	3,726,255
Actuarial Value of Assets	-	-	-
Unfunded Actuarial Accrued Liability	7,023,295	(3,297,040)	3,726,255
Annual Required Contribution of the Employer (ARC) for YE 9/30/10 (Entry Age Normal Cost Actuarial Method)			
Normal Cost	651,170	(301,281)	349,889
28-Year Amortization of UAAL	252,370	(118,473)	133,897
Interest	35,238	(16,370)	18,868
Annual Required Contribution for FYE 9/30/10	\$ 938,778	\$ (436,124)	\$ 502,654
Per Active Participant	\$ 1,247	\$ (579)	\$ 668
As % of Expected Payroll	2.7%	(1.2%)	1.4%
Annual OPEB Cost for FYE 9/30/10			
ARC			502,654
Interest on NOO			\$24,714
Adjustment to ARC			(\$22,339)
Total Annual OPEB Cost for FYE 9/30/10			\$ 505,029
Estimated Net Employer Contr. for FYE 9/30/10 (for crediting against Annual OPEB Cost)	\$ 231,864	\$ (107,278)	\$ 124,586
Addition to Net OPEB Obligation at 9/30/10			\$ 380,443
Net OPEB Obligation at 09/30/09			\$ 633,700
Net OPEB Obligation at 9/30/10			\$ 1,014,143

TWENTY-YEAR PROJECTION OF UNFUNDED CASH FLOW

Premiums collected from employees and retirees account only for a portion of the cost of the health care provided, with the balance subsidized by the Employer. The table and graph below illustrate, based on a closed group projection, how the cost of the benefits is distributed between the Employer and the retirees.

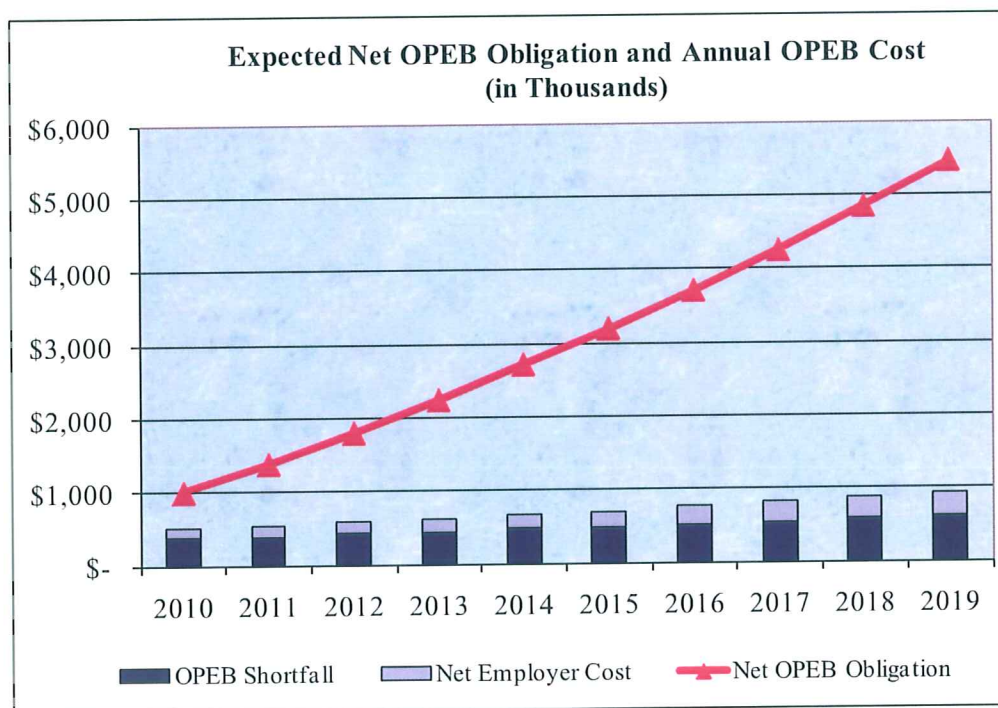
Fiscal Year Ending	Total Benefits Expected	Retirees Premiums Expected	Net Employer Subsidy Expected
2010	\$ 231,864	\$ 107,278	\$ 124,586
2015	436,621	213,420	223,201
2020	678,175	330,695	347,480
2025	801,233	391,395	409,838
2030	962,190	467,521	494,669



TEN-YEAR PROJECTION OF NET OPEB OBLIGATION

All results presented in this Report assume no advance-funding of your OPEB Plan. It is assumed that the current operation of the Plan will continue without change. The graphics and tables below illustrate, based on simulated open group projection, how the Net OPEB Obligation and the Annual OPEB Cost are expected to grow over the next 10 years assuming no advance-funding (i.e., no change in operation). The Net OPEB Obligation will be presented as a liability in the Statement of Net Assets.

Fiscal Year Ending	Total Annual OPEB Cost at Fiscal Year End	Current Net Employer Subsidy	Annual Net OPEB Shortfall	Net OPEB Obligation at Fiscal Year End
2010	\$ 505,029	\$ 124,586	\$ 380,443	\$ 1,014,143
2011	536,182	156,515	379,667	1,393,810
2012	576,175	159,876	416,299	1,810,109
2013	610,980	171,537	439,443	2,249,552
2014	662,782	192,422	470,360	2,719,912
2015	701,975	223,201	478,774	3,198,686
2016	764,080	255,448	508,632	3,707,317
2017	808,244	265,326	542,918	4,250,235
2018	883,186	287,559	595,627	4,845,862
2019	933,276	319,891	613,385	5,459,247



AGE/SERVICE DISTRIBUTION FOR PLAN PARTICIPANTS

Age Group	Years of Service to Valuation Date - Active Employees							Total
	0-5	6-9	10-14	15-19	20-24	25-29	30&Up	
0 - 14	0	0	0	0	0	0	0	0
15 - 19	0	0	0	0	0	0	0	0
20 - 24	25	0	0	0	0	0	0	25
25 - 29	58	15	0	0	0	0	0	73
30 - 34	60	26	7	0	0	0	0	93
35 - 39	42	30	9	4	0	0	0	85
40 - 44	30	20	13	8	11	0	0	82
45 - 51	44	25	29	17	20	7	0	142
52 - 56	29	24	18	15	9	12	3	110
57 - 61	19	23	18	10	16	3	1	90
62 - 66	12	8	7	12	3	0	1	43
67 - 71	1	1	1	3	2	0	2	10
72 - 76	0	0	0	0	0	0	0	0
77 - 99	0	0	0	0	0	0	0	0
Total	320	172	102	69	61	22	7	753

The shaded box represents current eligibility for Early or Normal Retirement.

Age Group	Retirees		
	Male	Female	Total
0 - 44	0	0	0
45 - 49	0	0	0
50 - 54	1	0	1
55 - 59	1	1	2
60 - 64	5	10	15
65 - 69	0	0	0
70 - 74	0	0	0
75 - 79	0	0	0
80 - 84	0	0	0
85 - 89	0	0	0
90 - 94	0	0	0
95 - +	0	0	0
Total	7	11	18

SECTION C

DEVELOPMENT OF INITIAL PER CAPITA COSTS

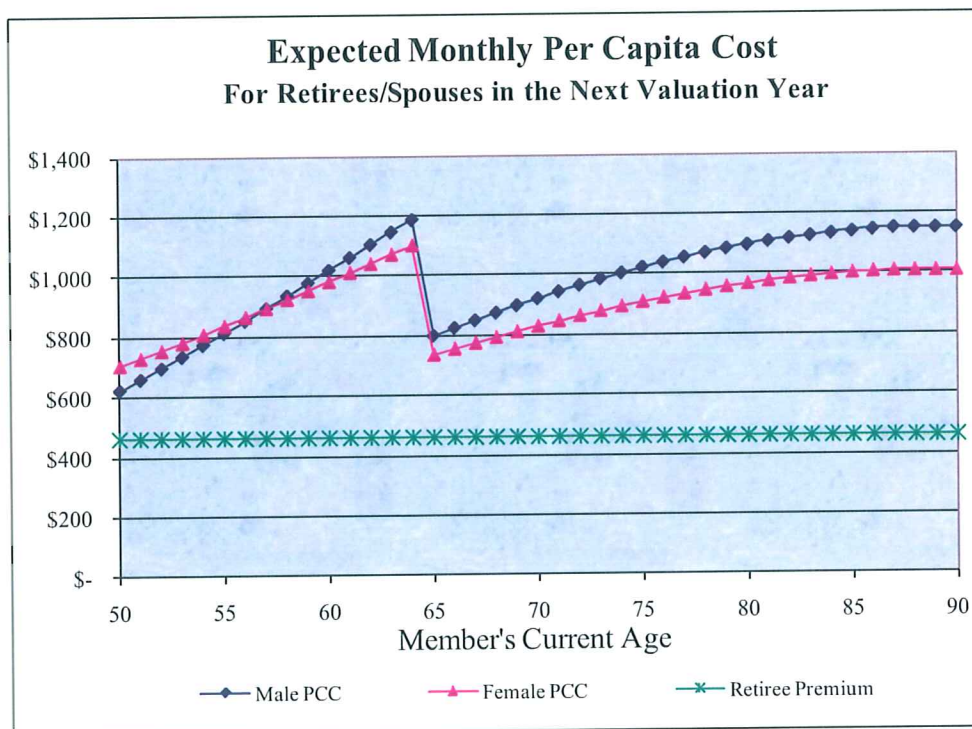
DEVELOPMENT OF INITIAL PER CAPITA COSTS

By offering medical coverage to employees, retirees and their dependents, the Employer assumes the responsibility for the expected claims and other costs incurred by the members of the plan. These costs are partially offset by contributions from employees and retirees. While the total premium amount charged for covering employees and retirees and their dependents is the same without regard to the age or gender of the member, the true costs of medical and prescription coverage in any given year, depends on these factors. As the ages of employees, retirees and dependents in the covered population increase, so do their costs of benefits.

The table and the graph below illustrate the expected initial monthly Per Capita Costs (PCC) applicable to current retirees in the coming year.

Initial Monthly Per Capita Cost By Age/Sex					
Medicare Not Eligible Retirees			Medicare Eligible Retirees		
Sample Ages	Male	Female	Sample Ages	Male	Female
45	\$ 459.24	\$ 601.23	65	\$ 798.81	\$ 735.60
50	621.31	703.99	70	921.42	828.55
55	812.05	834.71	75	1,022.94	907.84
57	893.00	893.00	80	1,096.80	966.79
60	1,020.16	980.60	85	1,140.66	1,001.44
64	1,187.42	1,100.62	90	1,151.20	1,007.29

For comparison, amount of premium contributed by a retiree is also presented on the graph below. The spread between the Per Capita Cost and the premium actually collected from the retiree is the expected monthly cost borne by the Employer when providing medical coverage to a particular retiree.



The amounts of Per Capita Costs illustrated above have been developed by employing the morbidity tables discussed below. The table shows select values of age grading factors reflecting rates at which medical costs increase with age of the member. These percentages are separate from the annual Trend, which operates to increase costs independent of and in addition to the Aging Factors. For example, in any single year a group of 61-year old males are expected to cost 4.17 % more than a group of 60-year old males.

Medical/Rx Cost Increase By Age					
Sample Ages	Male	Female	Sample Ages	Male	Female
30	1.86%	0.81%	65	3.23%	2.62%
35	4.45%	1.32%	70	2.41%	2.08%
40	6.11%	2.23%	75	1.67%	1.50%
45	6.40%	3.02%	80	1.02%	0.92%
50	5.87%	3.40%	85	0.47%	0.39%
55	4.96%	3.45%	90	0.00%	0.00%
60	4.17%	3.03%	95	0.00%	0.00%

The total cost expected (for the self-insured health plan) for the entire covered population was allocated by age/sex, based upon the age/sex distribution of all plan members and the morbidity tables above. This procedure resulted in a table of age/sex-specific initial Per Capita Costs for the coming year. These calculations were based upon the benefits provided under the plan options available to employees and retirees as of the Valuation Date.

In the development of the PCC amounts, retirees and dependents age 65 and older are assumed to be Medicare-eligible. The “% of Total Claims Paid by Medicare” is an assumption regarding whether the core plan or the Medicare pays as primary for Medicare-eligible retirees and dependents. According to the Summary of Substantive Plan Provisions, the plan does not require Medicare-eligible members continuing coverage in the core plan to enroll in Medicare Part B. The plan pays as secondary only for retirees actually enrolled into Parts A and B.

Furthermore, we are recognizing the fact, that healthy retirees are less likely to select the medical coverage when required to pay a full blended premium. The impact of this phenomenon is usually less when retirees are offered direct subsidies and continuation of medical coverage is more common among retirees. This adjustment is made through application of the “Antiselection Load” presented below. Another adjustment accounts for the fact that retirees incur on average more claims than their active counterparts. Some of the employees decide to retire simply because of health problems. So retirees often have a higher morbidity status and have more time and interest in their health when compared to individuals who are at same age and sex and who are still actively employed. This is reflected through “Retirement Status Load”. These adjustments are summarized below:

Additional Factors used in PCC Development	
Retirement Status Load	15%
Antiselection Load	10%
% of Claims Paid by Medicare	35%

The Monthly Per Capita Costs (PCC) by age and sex represent the costs of coverage after taking out deductibles, coinsurance, co-pays, and Medicare payments, but before applying any monthly retiree contributions (premiums) charged for coverage. Medicare Part D subsidy, if any, has not been given any consideration, since it may not be used to offset the OPEB obligation.

Amounts for each age/sex combination for this Valuation were developed based on census data for all participants of the Health Care Plan and on the total expected claims and other costs incurred by all members of the plan. .

The number of subscribers included in the Actuarial Valuation may be slightly different from the number used to develop the Per Capita Costs. The present distribution of subscribers for the purpose of Per Capita Cost Development is summarized below.

Coverage	Number of Subscribers			
	Bluecare (HMO)		Bluechoice (PPO)	
	Active/COBRA	Retired	Active/COBRA	Retired
Single	297	7	78	7
Family/Spouse	355	1	81	2

SECTION D

ACTUARIAL ASSUMPTIONS AND METHODS

ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Valuation Date:	October 1, 2008 for employee and retiree population purposes, for development of per capita cost purposes and for valuation purposes.
Actuarial Cost Method:	Individual Entry Age Normal Cost Method with an increasing Normal Cost pattern consistent with the salary increase assumptions used in the FRS pension plan valuation.
Amortization Period and Method:	The Unfunded Actuarial Accrued Liability, as calculated pursuant to the Individual Entry Age Actuarial Cost Method, is amortized in a closed amortization, calculated as a level percent of payroll over a 28 year period. The assumed rate of payroll growth is 4.00%. GASB Statement No. 45 requires that any such payroll growth assumption be based upon no increase in the number of active employees covered by the plan.
Investment Discount Rate	Since there are currently no invested plan assets held in trust to finance the OPEB obligations, the investment return discount rate is the long-term expectation of investment return on assets held in County funds pursuant to its Investment Policy. The County has selected 3.90% compounded annually.
Florida Retirement System:	<p>Unless noted otherwise, demographic assumptions employed in this Actuarial Valuation were basically the same as those employed in the July 1, 2009 Pension Actuarial Valuation of the Florida Retirement System (FRS). These demographic assumptions were developed by FRS from an Actuarial Experience Study, and therefore are appropriate for use in this OPEB Actuarial Valuation. These include assumed rates of future termination, mortality, disability, and retirement. In addition, salary increase assumptions (for development of the pattern of the Normal Cost increases) were the same as FRS uses.</p> <p>In the following pages, we outline assumptions with respect to different employment classes under FRS. Due to composition of the population, only assumptions applicable to Regular, Special Risk and Senior Management Services Classifications have been used in this valuation.</p>
Mortality Tables:	Mortality tables are used to measure the probabilities of participants dying before and after retirement. These are based on the RP-2000 Employee Mortality tables for males and females, with projections. Mortality rates for all members once in retirement status were developed based on RP-2000 Healthy White Collar tables for males and females, as projected from the year 2000 using Projection Scale AA. Rates for Regular and Special Risk Class have been adjusted to be 90.9% (male) and 95.8% (female) of the basic rate. Rates for Senior Management Service have been adjusted to be 82.4% (male) and 56.7% (female) of the basic rate. Mortality rates for impaired (from disability) lives are based on 92.4% of the RP-2000 Disabled Retiree Table for males, and 82.9% of the PBGC Disabled with Social Security Table for females.

**Rates of Termination from
Active Employment:**

These rates do not apply to participants eligible for Normal Retirement and do not include separation on account of death or disability. Termination rates are used to measure the probabilities of participants terminating employment for other reasons. During the select period, the rates are based on the number of years of service regardless of age, thereafter, during the ultimate period, termination rates are based on age. In addition, any employees terminating with at least 6 years of service and who are within ten years from Normal Retirement are assumed to commence monthly pension benefits and, thus, become eligible to accept retiree medical coverage.

% Separating Within Next Year - Regular Class										
Years of Service	Male									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	32.8%	27.2%	25.8%	25.8%	24.4%	24.4%	23.4%	27.4%	27.4%	27.4%
1	25.4%	18.5%	15.4%	14.3%	12.6%	12.5%	12.2%	12.2%	12.2%	12.2%
2	22.7%	17.2%	14.0%	12.8%	12.0%	11.6%	10.7%	10.7%	10.7%	10.7%
3	18.4%	14.6%	13.2%	12.6%	10.7%	10.3%	9.4%	9.3%	9.3%	9.3%
4	15.8%	12.7%	11.8%	10.9%	9.0%	8.8%	7.9%	7.8%	7.8%	7.8%
5	11.7%	9.7%	8.8%	8.5%	7.4%	6.8%	6.0%	6.8%	6.8%	6.8%
6	11.1%	8.5%	7.8%	7.5%	6.7%	6.5%	5.5%	5.4%	5.4%	5.4%
7	11.1%	8.4%	7.1%	6.8%	6.2%	6.0%	5.3%	5.2%	5.1%	5.1%
8	11.0%	7.7%	6.4%	6.2%	5.8%	5.1%	4.6%	4.4%	4.3%	4.3%
9	10.0%	6.3%	5.5%	5.3%	5.3%	5.1%	4.6%	4.3%	4.2%	4.2%
10 or more	9.8%	6.2%	4.7%	4.2%	3.0%	2.7%	3.0%	4.5%	5.3%	3.7%
Years of Service	Female									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	30.3%	26.6%	25.4%	25.4%	24.4%	24.4%	23.2%	23.2%	23.2%	23.2%
1	25.8%	19.8%	16.9%	15.9%	14.0%	13.9%	13.4%	13.4%	13.4%	13.4%
2	22.1%	17.1%	14.5%	13.5%	12.1%	11.9%	11.0%	11.0%	11.0%	11.0%
3	17.4%	13.0%	11.6%	11.2%	10.0%	9.8%	8.8%	8.7%	8.7%	8.7%
4	15.4%	12.9%	11.3%	10.9%	9.1%	8.8%	8.4%	8.3%	8.3%	8.3%
5	13.5%	10.7%	9.4%	9.0%	7.0%	6.7%	6.2%	6.1%	6.1%	6.1%
6	11.4%	9.7%	8.7%	8.0%	6.5%	6.5%	5.9%	5.8%	5.8%	5.8%
7	11.3%	9.2%	8.1%	7.8%	6.3%	6.1%	5.5%	5.4%	5.4%	5.4%
8	10.5%	7.8%	7.1%	6.8%	6.1%	5.8%	5.5%	5.4%	5.4%	5.4%
9	10.2%	7.1%	6.5%	6.2%	5.0%	4.7%	4.6%	4.5%	4.5%	4.5%
10 or more	11.6%	5.3%	5.4%	4.6%	3.3%	3.0%	3.0%	3.0%	3.0%	3.0%

% Separating Within Next Year - Senior Management Service										
Years of Service	Male									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%
1	27.9%	23.3%	20.7%	19.4%	18.9%	18.8%	18.8%	18.8%	18.8%	18.8%
2	24.9%	21.4%	19.3%	18.0%	17.2%	16.9%	16.8%	16.8%	16.8%	16.8%
3	19.5%	18.5%	17.7%	17.1%	16.7%	16.4%	16.2%	16.0%	16.0%	16.0%
4	15.5%	14.9%	14.5%	13.6%	12.9%	12.6%	12.4%	12.3%	12.2%	12.2%
5	10.9%	10.5%	10.0%	9.7%	9.3%	8.6%	8.2%	8.1%	8.0%	8.0%
6	10.6%	10.3%	9.8%	9.3%	9.0%	8.7%	8.4%	8.3%	8.1%	8.1%
7	10.5%	10.2%	9.7%	9.2%	8.8%	8.5%	8.3%	8.1%	8.0%	8.0%
8	9.6%	9.5%	9.1%	8.8%	8.5%	8.3%	8.1%	8.0%	7.9%	7.8%
9	6.6%	6.6%	6.3%	6.1%	5.9%	5.7%	5.6%	5.4%	5.3%	5.3%
10 or more	4.8%	4.8%	4.1%	3.6%	3.2%	2.9%	3.0%	3.1%	3.5%	2.6%
Years of Service	Female									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%
1	25.8%	21.7%	19.6%	18.5%	18.1%	18.0%	18.0%	18.0%	18.0%	18.0%
2	22.8%	20.0%	18.3%	17.3%	16.7%	16.5%	16.4%	16.4%	16.4%	16.4%
3	19.0%	18.0%	17.3%	16.7%	16.2%	15.9%	15.7%	15.6%	15.6%	15.6%
4	14.6%	14.0%	13.5%	13.0%	12.7%	12.4%	12.1%	12.0%	11.8%	11.8%
5	12.1%	11.3%	10.5%	9.9%	9.4%	9.0%	8.7%	8.6%	8.5%	8.5%
6	10.9%	10.6%	10.1%	9.7%	9.4%	9.1%	8.8%	8.7%	8.5%	8.5%
7	10.3%	10.1%	9.6%	9.2%	8.8%	8.6%	8.4%	8.2%	8.1%	8.1%
8	7.7%	7.6%	7.1%	6.8%	6.5%	6.2%	6.0%	5.9%	5.8%	5.7%
9	7.4%	7.4%	6.9%	6.5%	6.1%	5.8%	5.5%	5.3%	5.1%	5.1%
10 or more	4.8%	4.8%	3.9%	3.2%	2.7%	2.4%	2.1%	1.9%	1.9%	1.9%

% Separating Within Next Year - Special Risk										
Years of Service	Male									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	21.4%	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%
1	10.3%	9.8%	9.5%	8.8%	8.0%	7.3%	6.5%	5.8%	5.3%	5.3%
2	8.6%	8.1%	7.7%	7.4%	6.8%	6.0%	5.3%	4.7%	4.7%	4.7%
3	8.4%	7.9%	7.5%	7.2%	6.7%	6.0%	5.3%	4.7%	4.7%	4.7%
4	7.5%	7.0%	6.7%	6.5%	6.0%	5.5%	5.0%	4.6%	4.6%	4.6%
5	5.3%	5.3%	5.3%	5.3%	4.8%	4.3%	3.8%	3.3%	3.3%	3.3%
6	5.2%	5.2%	5.2%	5.1%	4.6%	4.1%	3.6%	3.2%	3.2%	3.2%
7	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
8	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
9	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
10 or more	2.3%	2.3%	2.1%	2.0%	1.9%	1.8%	1.8%	1.8%	1.8%	1.8%
Years of Service	Female									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%
1	15.5%	14.2%	13.2%	12.2%	11.2%	10.2%	9.2%	8.4%	8.4%	8.4%
2	12.3%	11.6%	10.6%	9.6%	8.6%	7.6%	6.6%	5.8%	5.8%	5.8%
3	10.3%	9.8%	9.3%	8.8%	8.3%	7.6%	6.6%	5.6%	5.6%	5.6%
4	9.7%	9.2%	8.7%	8.4%	7.6%	7.0%	6.4%	5.4%	5.4%	5.4%
5	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	5.3%	5.3%	5.3%
6	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.1%	5.1%	5.1%
7	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
8	4.2%	4.2%	4.2%	4.2%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
9	4.2%	4.2%	4.2%	4.1%	4.1%	4.1%	4.0%	4.0%	4.0%	4.0%
10 or more	1.9%	1.9%	1.7%	1.5%	2.5%	2.5%	1.6%	4.0%	4.0%	4.0%

Rates of Disability:

Disability rates are used to measure the probabilities of active participants becoming disabled.

% Becoming Disabled Within Next Year - Line-of-Duty						
Sample Ages	Regular Class		Senior Management Service		Special Risk and Administrative Support	
	Male	Female	Male	Female	Male	Female
20	0.002%	0.000%	0.004%	0.000%	0.012%	0.008%
25	0.002%	0.001%	0.004%	0.000%	0.012%	0.008%
30	0.003%	0.001%	0.005%	0.001%	0.017%	0.016%
35	0.005%	0.003%	0.007%	0.002%	0.029%	0.037%
40	0.009%	0.005%	0.011%	0.003%	0.051%	0.068%
45	0.014%	0.008%	0.017%	0.005%	0.087%	0.106%
50	0.022%	0.010%	0.029%	0.007%	0.138%	0.153%
55	0.034%	0.016%	0.044%	0.011%	0.215%	0.152%
60	0.048%	0.022%	0.044%	0.014%	0.301%	0.151%
65	0.050%	0.020%	0.044%	0.013%	0.231%	0.143%

% Becoming Disabled Within Next Year - Not-Duty						
Sample Ages	Regular Class		Senior Management Service		Special Risk and Administrative Support	
	Male	Female	Male	Female	Male	Female
20	0.000%	0.000%	0.000%	0.002%	0.038%	0.036%
25	0.027%	0.010%	0.000%	0.002%	0.038%	0.036%
30	0.053%	0.025%	0.016%	0.017%	0.043%	0.046%
35	0.066%	0.048%	0.022%	0.030%	0.055%	0.075%
40	0.092%	0.070%	0.033%	0.047%	0.087%	0.117%
45	0.122%	0.114%	0.071%	0.096%	0.140%	0.209%
50	0.203%	0.184%	0.121%	0.151%	0.292%	0.254%
55	0.339%	0.294%	0.210%	0.162%	0.244%	0.328%
60	0.445%	0.419%	0.313%	0.162%	0.206%	0.328%
65	0.215%	0.105%	0.156%	0.106%	0.206%	0.328%

Salary Increases:

These Rates are used to measure changes in salary. Salary increase rates are shown in the following tables and are the same as used by the actuary for the Florida Retirement System. Rates presented in tables below reflect assumptions pertaining to annual salary increases due to promotion and longevity, and are in addition to general wage increases assumption of 4% per year (including general price inflation of 3.0%).

Salary Increases in the Coming Year - Regular Class										
Years of Service	Male									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
1	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
2	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
3	2.84%	2.84%	2.84%	2.84%	2.84%	2.84%	2.84%	2.84%	2.84%	2.84%
4	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%
5	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%
6	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%
7	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
8	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
9	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
10 or more	3.00%	3.00%	3.00%	3.00%	2.50%	2.00%	1.50%	0.50%	0.50%	0.50%
Years of Service	Female									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
1	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%
2	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%
3	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%
4	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%
5	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%
6	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%
7	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
8	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
9	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%
10 or more	3.00%	3.00%	3.00%	3.00%	2.50%	2.00%	1.00%	0.00%	0.00%	0.00%

Salary Increases in the Coming Year - Senior Management Service										
Years of Service	Male									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%
1	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%
2	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%
3	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%
4	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
5	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%
6	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
7	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
8	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
9	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
10 or more	2.18%	2.18%	2.18%	2.18%	1.74%	1.30%	0.86%	0.86%	0.86%	0.86%
Years of Service	Female									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%
1	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%
2	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%
3	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%
4	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%
5	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%
6	2.59%	2.59%	2.59%	2.59%	2.59%	2.59%	2.59%	2.59%	2.59%	2.59%
7	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
8	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
9	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
10 or more	2.18%	2.18%	2.18%	2.18%	1.36%	1.15%	0.54%	0.00%	0.00%	0.00%

Salary Increases in the Coming Year - Special Risk										
Years of Service	Male									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
1	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%
3	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
4	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
5	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
6	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%
7	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
8	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%
9	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%
10 or more	2.50%	2.50%	2.50%	2.50%	2.50%	2.00%	1.00%	0.50%	0.50%	0.50%
Years of Service	Female									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	5.47%	5.47%	5.47%	5.47%	5.47%	5.47%	5.47%	5.47%	5.47%	5.47%
1	4.57%	4.57%	4.57%	4.57%	4.57%	4.57%	4.57%	4.57%	4.57%	4.57%
2	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%
3	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%
4	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%
5	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%
6	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%
7	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%
8	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%
9	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%
10 or more	2.50%	2.50%	2.50%	2.50%	2.00%	1.50%	1.25%	0.75%	0.75%	0.75%

General Price Inflation: 3% per year.

Rates of Retirement:

Rates of retirement are used to measure the probabilities of an eligible active employee retiring during the next year. The following rates are applicable to employees retiring from active employment without regard to whether employee first entered the DROP program or not (for the purpose of this valuation, employees entering the DROP program are not considered as retiring).

Unreduced Retirement Annual Rates								
Sample Ages	Regular Class				Senior Management Service			
	Male		Female		Male		Female	
	First Eligibility	Subsequent Eligibility	First Eligibility	Subsequent Eligibility	First Eligibility	Subsequent Eligibility	First Eligibility	Subsequent Eligibility
40	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
45	13.0%	3.4%	14.9%	2.0%	12.5%	2.5%	14.8%	0.5%
50	28.5%	10.8%	24.9%	7.1%	29.5%	13.5%	25.5%	7.2%
55	35.6%	10.4%	30.4%	8.6%	35.5%	12.5%	30.9%	8.1%
60	44.8%	11.9%	40.3%	16.6%	45.3%	18.1%	48.8%	15.6%
65	25.8%	12.1%	32.1%	20.9%	36.9%	25.0%	40.9%	24.8%
70	24.6%	12.3%	22.6%	15.1%	19.3%	18.1%	18.8%	17.1%
75	23.6%	12.3%	21.2%	15.1%	18.3%	18.1%	17.5%	17.1%
80	64.8%	43.6%	58.0%	44.1%	64.5%	60.1%	66.8%	54.9%
85	54.7%	33.8%	48.7%	33.8%	54.4%	50.0%	55.9%	45.0%

Unreduced Retirement Annual Rates				
Sample Ages	Special Risk			
	Male		Female	
	First Eligibility	Subsequent Eligibility	First Eligibility	Subsequent Eligibility
40	2.5%	1.0%	2.5%	1.0%
45	8.1%	1.0%	4.4%	5.0%
50	22.3%	4.8%	15.5%	4.7%
55	17.5%	5.0%	14.3%	5.1%
60	12.9%	5.3%	18.1%	8.4%
65	39.8%	14.5%	31.7%	10.6%
70	71.3%	13.6%	71.7%	9.2%
75	71.3%	25.5%	71.7%	65.0%
80	71.3%	65.0%	71.7%	65.0%
85	56.3%	50.0%	56.7%	50.0%

HEALTH COVERAGE ASSUMPTIONS

Coverage Acceptance Rates: Not everyone who retires will accept coverage and pay the required premium upon retirement. Following are the assumptions as to future Medical Coverage Acceptance Rates. Lapse rates presented below reflect the discontinuation of coverage under the County's plan. Acceptance and lapsing rates presented below result from an analysis of the choice pattern exhibited by employees retiring in the recent years. Retirees changing coverage to Medicare Advantage Plan are not considered lapsing coverage for the purpose of this valuation.

Acceptance and Lapsing rate			
	Ret Only	Ret + 1	Total
At Retirement (before age 65)	15%	5%	20%
At Retirement (age 65 and after)	1.5%	0.5%	2.0%
Lapsing at age of 65	90%	90%	90%
Continuation of Survivors	N/A	50%	50%

Expenses: Expenses are included in the Per Capita Costs.

Expected Retiree Contributions: Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered. Such average expected retiree premium contributions for the first year are shown in the table below.

Average Premium (as of Valuation Date)		
Coverage	Non-Medicare	Medicare
Retiree	\$ 461.00	\$ 461.00
Spouse	\$ 760.00	\$ 760.00

Health Care Cost Trend Rates: Monthly Per Capita Costs (PCC) and Retiree Contributions for Medical and Rx benefits are assumed to increase each year according to the rates set forth in the following table. For example, the Per Capita Costs for a year beginning on 10/1/2009 are expected to increase by 9.0% over the rates for the year beginning on 10/1/2008.

Annual Increase Rates					
Year of Increase	Medical/Rx	Contribution	Year of Increase	Medical/Rx	Contribution
2008	9.0%	0.0%	2015	6.0%	6.0%
2009	9.0%	9.0%	2016	5.5%	5.5%
2010	8.5%	8.5%	2017	5.0%	5.0%
2011	8.0%	8.0%	2018	5.0%	5.0%
2012	7.5%	7.5%	2019	5.0%	5.0%
2013	7.0%	7.0%	2020	5.0%	5.0%
2014	6.5%	6.5%	Thereafter	5.0%	5.0%

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Pay Increase Timing:	End of (fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year starting on the valuation date.
Decrement Timing:	Decrements of all types are assumed to occur at the middle of the year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Decrement Relativity:	Decrement rates are treated as absolute rates of decrement.
Adjustments:	None.
Decrement Operation:	All decrements operate simultaneously. Disability and termination rates cease upon eligibility for normal or early retirement.

DEFINITIONS OF TECHNICAL TERMS

Actuarial Accrued Liability:	Actuarial Accrued Liability is the actuarial present value of projected future benefits that have been accrued (or earned) by employees to date. Sometimes it's expressed as the difference between the actuarial present value of all future benefit payments and the actuarial present value of future normal costs. It is also referred to as "Accrued Liability" or "Past Service Liability".
Actuarial Assumptions:	These are factors for estimating expected future experience with respect to occurrences of mortality, disability, turnover, retirement, rates of investment income and salary increases, coverage acceptance, trend, aging, etc.
Actuarial Cost Method:	This is a mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future benefit payments" between future normal costs and actuarial accrued liabilities. It is often referred to as the "Actuarial Funding Method" or "Actuarial Valuation Cost Method".
Actuarial Present Value:	Actuarial Present Value of a series of payments (or a single payment) is the amount of funds currently required to provide those payments in the future. This amount is determined by discounting future payments at predetermined rates of interest, taking into account the probability of payment. It is also referred to as "Present Value."
Amortization:	Amortization is a process of paying off an interest-discounted amount with periodic payments of interest and principal, (similar to paying off an installment loan) -- as opposed to paying it off with a single sum.
Annual Required Contribution (ARC):	The ARC is the portion of the present value of projected benefits earned by employees that is attributable to the current period. Usually it is determined as the normal cost (as defined below) plus the portion of the unfunded actuarial accrued liability amortized in the current period. The ARC is an amount that is actuarially determined to ensure that, if paid on an ongoing basis, it would provide sufficient resources for future benefit payments.
Normal Cost:	Normal Cost is the actuarial cost of a portion of projected future benefits allocated to the current year by the actuarial cost method. It is sometimes referred to as "Current Service Cost."
Unfunded Actuarial Accrued Liability (UAAL):	UAAL is the difference between actuarial accrued liability and the actuarial value of plan assets. Sometimes it is referred to as "Unfunded Past Service Liability," "Unfunded Accrued Liability," or "Unfunded Supplemental Present Value."

SECTION E

SUMMARY OF SUBSTANTIVE PLAN PROVISIONS

SUMMARY OF SUBSTANTIVE PLAN PROVISIONS AS OF OCTOBER 1, 2008

ELIGIBILITY FOR RETIREE BENEFITS

Any employee of the Lake County who participates in and satisfies the Vesting, Disability, Early or Normal Retirement provisions of the Florida Retirement System (FRS) may be eligible for certain Other Post-Employment Benefits. Currently, the eligibility requirements for retirement under the FRS Defined Benefit Pension Plan are as follows.

VESTING RETIREMENT	Termination after 6 years of creditable service. However, there will be no OPEB benefits available after termination of employment, unless employee satisfies eligibility requirements for any other retirement benefits listed below and starts receiving retirement benefits from FRS.
DISABILITY RETIREMENT	Line of Duty: Members are eligible if totally and permanently disabled during the actual performance of duty. There is no service credit requirement. Non-Duty: Members are eligible if totally and permanently disabled after completing at least 8 years of creditable service.
SURVIVORSHIP	Line of Duty: Member died during the actual performance of duty. There is no service credit requirement. Non-Duty: Employment is terminated by death after 6 years of creditable service for all classes of membership.
EARLY RETIREMENT	All employees may retire with a reduced pension benefit upon accrual of six years of creditable service and attainment of age 42 and one month.
NORMAL RETIREMENT	<i>Regular, Elected Officers' and Senior Management Classes:</i> Age 62 with six years of creditable service, or 30 years of creditable service regardless of age. <i>Special Risk:</i> Age 55 with six years of special risk creditable service; or age 52 and 25 years of creditable service (may include up to 4 years of military service); or 25 years of special risk creditable service regardless of age; or 30 years of any creditable service (may include credit for up to 4 years of military service). <i>Special Risk Administrative Support Class:</i> With at least six years of special risk class service, same as apply to <i>Special Risk</i> above, otherwise same as apply to <i>Regular Class</i> above.
DROP PARTICIPANTS	DROP Participants are considered active employees while still in the DROP period. Upon actual retirement at the end of or during the DROP period the employee becomes eligible for certain post-employment benefit coverage.

Eligibility requirements for retirement under the FRS Investment Plan are as follows.

RETIREMENT	Participants of the FRS Investment Plan are eligible for OPEB's if retiring from the County after attaining the age of 59 ½ with 6 years of credited service, or after meeting the Normal Retirement requirements listed above.
-------------------	---

OTHER POST-EMPLOYMENT BENEFITS

The post-employment benefits include continued access to purchase coverage for the retiree and dependents in the Medical/Prescription, and Dental Plans sponsored by the Employer.

HEALTH-RELATED BENEFITS

Eligible retirees may choose among the same Medical Plan options available for active employees of the Employer. Dependents of retirees may be covered at the retirees' option the same as dependents of active employees. Prescription Drug coverage is automatically extended to retirees and their dependents who continue coverage under any one of the Medical Plan options. Covered retirees and their dependents are subject to all the same Medical and Prescription benefits and rules for coverage as are active employees. Retirees and their dependents, who are Medicare-eligible are not required to enroll for Parts A and B under Medicare. For claims otherwise covered under the Medicare Part B, the Plan pays as secondary only for retirees actually enrolled into Parts A and B.

Additionally, beginning 10/1/09, retirees who are Medicare-eligible and not actively working have the option of enrolling in BlueCross and BlueShield of Florida's Blue Medicare Group PPO Plan. This is a Part C Medicare Advantage Plan that includes the mandatory Part D prescription drug coverage. The Blue Medicare Group PPO plan is a fully insured plan and is paid entirely by the retiree at \$302.05 per month. A retiree's spouse, who is Medicare-eligible, also has the option of enrolling in the Blue Medicare Group PPO as an individual. If the spouse was on the County's retiree medical plan along with retiree, and Medicare-eligible retiree changes to the Blue Medicare Group PPO plan, the non-Medicare-eligible spouse will be offered COBRA. For plan year 2009, retirees (or their eligible spouses) must reside in the state of Florida, not be actively working and be enrolled in both Medicare Part A and Part B to be eligible to enroll in the Blue Medicare Group PPO plan. Retirees on the County's medical plan can switch to the Blue Medicare Group PPO Plan either during Open Enrollment or when they are Medicare-eligible and not actively working. A retiree has a one-time option of returning to the County's medical plan within the first twelve (12) calendar months of enrollment in the Blue Medicare Group PPO Plan.

Results presented in this report are based on the healthcare plan design in effect as of October 1, 2008.

RETIREE CONTRIBUTIONS FOR MEDICAL/PRESCRIPTION BENEFITS

In order to begin and maintain retiree Medical/Prescription coverage, premium contributions are required from the retiree. For dependent coverage, the retiree is required to pay a premium as well. If any required amounts are not paid timely, the coverage for the retiree and/or the dependent(s) will cease. The amount of the contributions required for retiree and dependent coverage may change from time to time.

The chart below summarizes the current total monthly contribution amounts required from retirees and their spouses to maintain medical/prescription coverage. The County has no formal policy as to whether, how much, or under what formula or methodology the retiree premiums below will increase in the future. A retiree's FRS Health Insurance Subsidy (HIS) payment provided by the State may be directed toward the payment of these amounts. Coverage for children of retirees is available (until their limiting age). However, for measuring the long term costs, the relatively few children covered by retirees coupled with the short duration of their coverage remaining results in costs that are not material in the long term. Consequently, only spouses are included in the chart below.

Monthly Retiree Premiums as of October 1, 2008			
Plan	Retiree Only	Spouse	Retiree + Spouse
Blue Care HMO	\$ 402.92	\$ 662.39	\$ 1,065.31
Blue Choice PPO	\$ 519.39	\$ 857.74	\$ 1,377.13

Monthly Retiree Premiums as of October 1, 2009			
Plan	Retiree Only	Spouse	Retiree + Spouse
Blue Care HMO	\$ 448.95	\$ 746.25	\$ 1,195.20
Blue Choice PPO	\$ 472.81	\$ 785.97	\$ 1,258.78
Blue Medicare PPO **	\$ 302.05	\$ 302.05	\$ 604.10

*** Members must be enrolled in both Medicare Part A and B.*

SURVIVORSHIP BENEFITS

The surviving spouse of a retiree is eligible to continue coverage under the group plan subject to premium payments applicable to an individual retiree (not a spouse). No benefit (other than COBRA) is offered to surviving beneficiary of the active employee.

DENTAL PLAN

Dental benefits for retirees and their dependents are voluntary and fully paid by the retiree. Consequently, Dental benefits are not Employer-provided in any sense and are not considered as other post-employment benefits for the purposes of GASB Statement No. 45.

LIFE INSURANCE

No group life insurance is available to retirees or their dependents. Retirees have the option of converting to an individual plan directly with the insurance company and paying an age rated premium. However this benefit is not Employer-provided in any sense and is not considered a post-employment benefit for the purposes of GASB Statement No. 45.

COBRA BENEFITS

Former employees, retirees and dependents may be eligible for an extended benefit under COBRA, regardless of the terms of the employer's other post-employment benefits. COBRA benefits are not considered as other post-employment benefits for the purposes of GASB Statement No. 45.

FUNDING VEHICLE

There is no separate trust through which benefits for retirees are funded. No assets are currently accumulated or earmarked for this purposes. All approved benefits are paid from the Employer's general assets when due.

TERMINATION AND AMENDMENT

The post-employment benefits are extended to retirees and continued at the discretion of the Employer, which reserves the right (subject to State Statute and any collective bargaining agreements) to change or terminate benefits and to change premium contributions required from retirees in the future as circumstances change.

APPENDIX
GASB DISCLOSURES

Required Actuarial Information (GASB STATEMENT NO. 45)			
Employer FYE September 30	2010	2009	2008
Normal Cost (service cost for one year)	\$ 349,889	\$ 225,301	\$ 225,301
Amortization of Unfunded Actuarial Accrued Liability	133,897	90,349	90,349
Interest on Normal Cost and Amortization	18,868	25,101	12,310
Annual Required Contribution (ARC)	502,654	340,751	327,960
Net OPEB Obligation (NOO) at beginning of year	633,700	347,632	-
Annual Required Contribution (ARC)	502,654	340,751	327,960
Interest on NOO	24,714	13,558	-
Adjustment to ARC	(22,339)	(11,427)	-
Annual OPEB Cost (Expense)	505,029	342,882	327,960
Estimated* Employer Contributions Made	(124,586)	(56,814)	19,672
Estimated* Increase (decrease) in NOO	380,443	286,068	347,632
Estimated* NOO at end of year	1,014,143	633,700	347,632

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
10/1/2006	\$0	\$2,696,558	\$2,696,558	0.00%	\$28,750,738	9.38%
10/1/2008	\$0	\$3,726,255	\$3,726,255	0.00%	\$35,180,055	10.59%

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Estimated* Amount Contributed	Estimated* Percentage of Annual OPEB Cost Contributed	Estimated* Net OPEB Obligation
9/30/2008	\$327,960	(\$19,672)	-6.00%	\$347,632
9/30/2009	\$342,882	\$56,814	16.57%	\$633,700
9/30/2010	\$505,029	\$124,586	24.67%	\$1,014,143

* The Employer Contribution and Net OPEB Obligation for the year ending 9/30/2010 are estimates. Refer to page F-3 for an explanation of how to develop the Actual Employer Contribution.

Required Actuarial Information (GASB STATEMENTS NO. 43 & 45)			
Reporting Year	2010	2009	2008
Contribution rate	0.4%	0.3%	-0.1%
Actuarial valuation date	10/01/2008	10/01/2006	10/01/2006
Annual OPEB cost	\$505,029	\$342,882	\$327,960
Contributions made	\$124,586	\$56,814	(\$19,672)
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level % closed	Level % closed	Level % closed
Remaining amortization period	28 years	29 years	30 years
Asset valuation method	Unfunded	Unfunded	Unfunded
Actuarial assumptions:			
Investment rate of return *	3.90%	3.90%	3.90%
Projected salary increases *	4.0% - 9.5%	4.5% - 10.5%	4.5% - 10.5%
Payroll growth assumptions	4.0%	4.0%	4.0%
Initial Per Capita Cost trend rate	9.0%	11.7%	11.7%
Ultimate Per Capita Cost trend rate	5.0%	5.0%	5.0%
* Includes general price inflation at	3.0%	3.0%	3.0%

DEVELOPMENT OF ACTUAL EMPLOYER CONTRIBUTION

The total net Employer Contribution reduces the Annual OPEB Cost. The net result is added to the previous year's Net OPEB Obligation to obtain the new Net OPEB Obligation reported in the Statement of Net Assets as a long term liability. The process of developing the Employer Contribution for the year ending September 30, 2010 is illustrated in the following chart. Refer to the discussion on the following pages for step-by-step instructions of developing the cost of coverage through the self-insured plan.

Development of Employer Contribution for Year Ending September 30, 2010		
1.	Estimated* Self-Insured Medical/Prescription Retained Costs	\$ 231,864
2.	Retiree/spouse Premiums Collected for Self-Insured Medical/Prescription	\$ 107,278
3.	Total Employer Contribution (1 - 2)	\$ 124,586

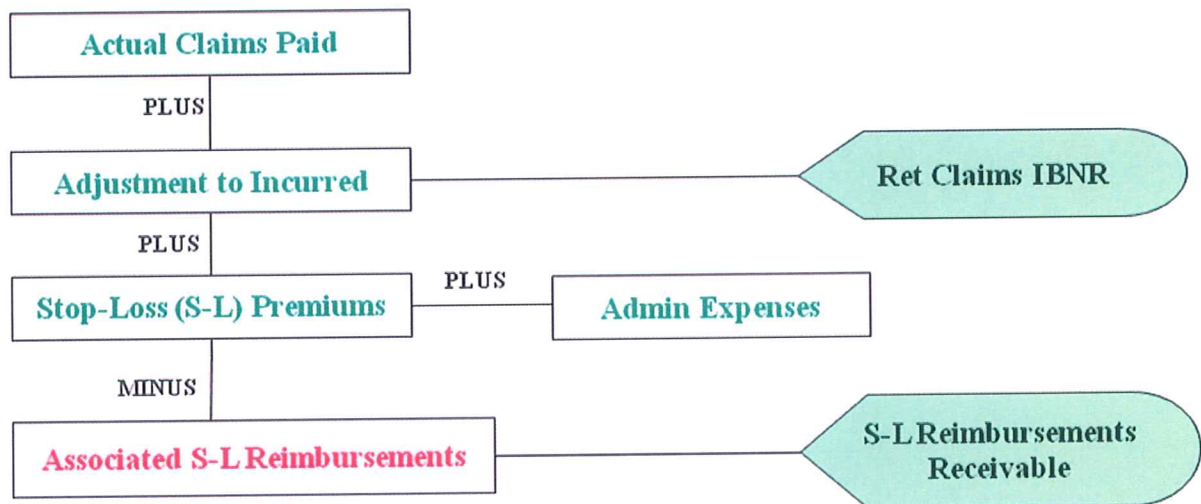
** Medical and prescription benefits are provided through a self-insured plan. Cost of benefits provided through the self-insured component needs to be calculated according to the procedure outlined in following pages. Costs and premiums related to fully insured payments (if any) can be used as presented in the table without any adjustments.*

DEVELOPMENT OF ACTUAL EMPLOYER CONTRIBUTION

The OPEB Plan is based on the self-insured health insurance and fully-insured life insurance plan. According to GASB 45 and its Implementation Guide, the Employer Contribution for the self-insured component is based on actual claims for covered retirees and their dependents for the fiscal year (2008-2009 Comprehensive Implementation Guide Q&A 8.21.4). The Employer Contribution for the fully insured component is based on the age/sex-adjusted premiums for covered retirees and their dependents.

SELF-INSURED COMPONENT

For the self-insured health plan, the following diagram and explanation illustrate the steps in developing the actual Employer Contribution, as the actual claims and other costs for retirees and their dependents offset by the actual retiree premium paid.



1. Actual Claims Paid. Obtain the actual claims paid for retirees and their dependents during the current fiscal year. The health plans' third party administrator or claims payer should be able to provide this information.
2. Adjustment to Incurred. Add the increase in retiree IBNR to the retiree paid claims.
 - a. Obtain the total dollar amount of the IBNR held as a liability on your books as of the end of the last fiscal year (for the whole self-insured health plan).
 - b. Obtain the actual claims paid for all covered members during the last fiscal year.
 - c. Obtain the total IBNR % (IBNR as % of Paid Claims) by dividing 2a by 2b.
 - d. Obtain the actual claims paid for retirees and their dependents during the last fiscal year. The health plans' third party administrator or claims payer should be able to provide this information.
 - e. Obtain the approximate dollar amount of the retiree IBNR at the end of the last fiscal year by multiplying 2c by 2d.
 - f. Obtain the approximate dollar amount of the retiree IBNR at the end of the current fiscal year by multiplying 2c by 1.
 - g. The increase in the retiree IBNR is 2f-2e.
3. Stop-Loss Premiums. Obtain the stop-loss premiums paid for retirees and their dependents (not the grand total of stop-loss premiums) for the current fiscal year. Use the premiums rates multiplied by the retiree counts for the year.

4. Administrative Expenses. Obtain the retiree allocable share of administrative expenses paid for the current fiscal year. Fees which are expressed per person can be multiplied by the retiree counts. Flat fees can be allocated to retiree cost using any reasonable method such as by head counts or claims.
5. Associated S-L Reimbursement.
 - a. If any of the retiree claims included in Actual Claims Paid (Item 1 above) were reimbursed to the Employer by the stop-loss insurance carrier during the current fiscal period, they should be included here as Associated S-L Reimbursements and treated as a subtractive item in the formula. This way, excess claims which are reimbursed are not included in the net resulting Employer Contribution.
 - b. If any of the retiree claims included in Actual Claims Paid (Item 1 above) were reimbursed or expected to be reimbursed to the Employer by the stop-loss insurance carrier after the close of the fiscal year but prior the end of the next fiscal year, they too should be included here as an Associated S-L Reimbursement. It is presumed that such a reimbursement would be treated as a receivable on the books of the Employer as of the end of the current fiscal year under the concept of short term differences.

After these steps are followed to obtain the Employer Contribution, be sure to offset this amount with the dollar amount of contributions paid by retirees or other health trust on their behalf (e.g., HIS or VEBA) for medical coverage.

DISCLOSURES FOR FISCAL YEAR ENDING 9/30/2011

GASB allows for performing actuarial valuation biennially with results applicable to two reporting years (per paragraph 12 of GASB Statement 45). However, a new fully compliant valuation would need to be performed if significant changes have occurred since the previous valuation that affect the valuation results, including significant changes in benefit provisions, the size or composition of the membership, or other factors that impact long-term actuarial assumptions through the reporting date. Refer also to Q&A 8.17.5 of the 2008-2009 Comprehensive Implementation Guide. In the absence of such changes, following disclosures can be used in your 2010/2011 fiscal year reporting. Please note that Employer Contribution made for the FYE September 30, 2010 was not known at the time this report was produced and estimate is being used. Consequently, as indicated in the table below, Net OPEB Obligation for the year ending 9/30/2010 as well as entries derived from this figures are mere estimates.

Required Actuarial Information (GASB STATEMENT NO. 45)			
Employer FYE September 30	2011	2010	2009
Normal Cost (service cost for one year)	\$ 373,145	\$ 349,889	\$ 225,301
Amortization of Unfunded Actuarial Accrued Liability	139,253	133,897	90,349
Interest on Normal Cost and Amortization	19,984	18,868	25,101
Annual Required Contribution (ARC)	532,381	502,654	340,751
Net OPEB Obligation (NOO) at beginning of year	1,014,143	633,700	347,632
Annual Required Contribution (ARC)	532,381	502,654	340,751
Interest on NOO	39,552	24,714	13,558
Adjustment to ARC	(35,751)	(22,339)	(11,427)
Annual OPEB Cost (Expense)	536,182	505,029	342,882
Estimated* Employer Contributions Made	(156,515)	(124,586)	(56,814)
Estimated* Increase (decrease) in NOO	379,667	380,443	286,068
Estimated* NOO at end of year	1,393,810	1,014,143	633,700

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Estimated* Amount Contributed	Estimated* Percentage of Annual OPEB Cost Contributed	Estimated* Net OPEB Obligation
9/30/2009	\$342,882	\$56,814	16.57%	\$633,700
9/30/2010	\$505,029	\$124,586	24.67%	\$1,014,143
9/30/2011	\$536,182	\$156,515	29.19%	\$1,393,810

** The Employer Contribution and Net OPEB Obligation for the year ending 9/30/2010 are estimates. Refer to page F-3 above for an explanation of how to develop the Actual Employer Contribution. Consequently, adjustments to Net OPEB Obligation for the year ending 9/30/2011 (Adjustment to ARC, Interest on NOO) are estimates as well.*